



Bond Market Insight

Weekly review: Ukraine after the new government

MONDAY, 3 MARCH, 2014

RESEARCH INSIGHT

After Ukraine appointed a new government to meet the demands of the opposition at Maidan, the lack of budget funds, the large debt burden, and the local currency devaluation plagued the nation. With the escalation of the situation in Crimea worsened by an inevitable Russian invasion, the markets became both unstable with highly volatile.

Domestic bond market. Banking sector liquidity, after a long period of being low and volatile, become more stable and significantly rose last week. As money market interest rates declined significantly but remained too high to improve the situation at the primary bond market, the MoF had to use the NBU's domestic QE twice last week to finance the state budget. The use of QE allowed the MoF to decrease interest rates on new bonds.

Eurobond market. The Eurobond market was quite volatile. On positive anticipations of a new government bring appointed last week and the potential receipt of new external financing from the EU, the US and rekindled negotiations with the IMF, demand for Ukrainian Eurobonds increased last Monday. At the same time, delays in appointing the new government to Thursday and escalation of the situation in Crimea from a Russian invasion halted this positive anticipation and caused yields to decline.

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Key market indicators (as of 28 Feb 2014)

	Last close	Weekly chg (%)	YTD chg (%)
Currencies			
USD/UAH (spot)	9.9500	11.17	20.75
USD/UAH (1Y NDF)	11.8000	6.79	25.27
Rates, yields & spreads (%)			
Kiev Prime ON	9.34	-1,166bp	154bp
Kiev Prime 3M	17.75	-25bp	175bp
UAH NDF 1Y	19.25	-490bp	426bp
Ukraine CDS 5Y	1bp	-102bp	215bp
Libor USD 1yr	0.55	0bp	-3bp
UST 2yr	0.32	0bp	-6bp
UST 10yr	2.65	-8bp	-38bp
UKRAINE 17	11.76	-243bp	220bp
UKRAINE 23	9.48	-94bp	43bp
Money market data (UAHbn)			
Accounts at NBU	26.55	11.31	-18.81
NBU CDs outstanding	7.42	315.87	387.83
Local currency bond market data (UAHbn)			
Govt bond outstanding	275.65	2.96	10.65
Held by			
NBU	162.95	0.88	12.49
Banks	86.99	6.74	8.51
Other residents	11.50	-0.59	-7.27
Non-residents	14.22	8.25	21.55

Notes: chg – percentage change; bp – basis points.

Sources: Ministry of Finance of Ukraine, National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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Market update and news

Domestic bond market

Liquidity significantly increases

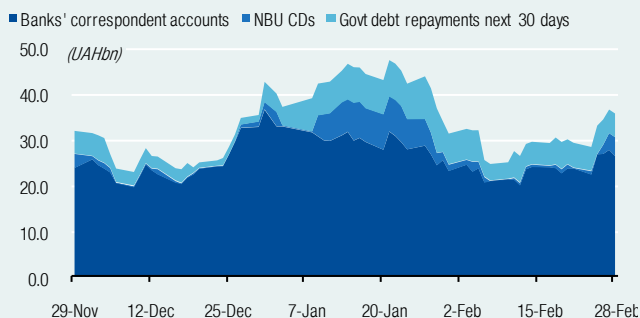
Banks' correspondent accounts with the NBU significantly rose last week

Last week began with UAH22.53bn at banks' correspondent accounts with the NBU, which was close to the average range for February through last week at UAH20.79bn-UAH24.66bn. The stabilizing political situation in Ukraine that engendered a more positive market sentiment, the appointment of a new NBU governor bolstered the outlook further. Through last Thursday, banks' correspondent accounts with the NBU rose to UAH27.90bn and only slightly declined last Friday by UAH1.35bn to UAH26.55bn, likely from tax payments and NBU absorption via a CD issuance.

The NBU absorbed part of liquidity while the MoF made some injections

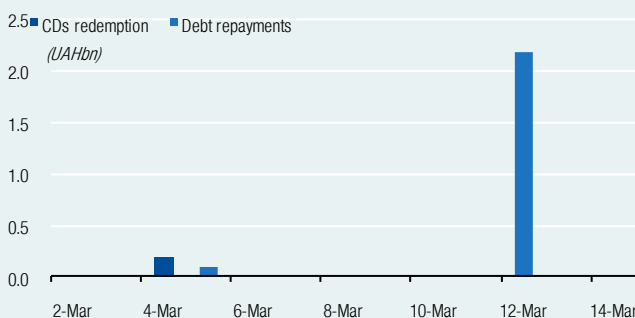
The NBU, in an effort to support liquidity, began last week with a CD redemption last Monday, which decreased total CDs outstanding to zero. However, beginning last Tuesday, the NBU started to issue new CDs and increased CDs outstanding to UAH4.10bn through last Friday. This absorption likely was directed to decrease pressure on the FX market, but this steps likely had little impact until the end of last week when the devaluation was stopped and the local currency exchange rate returned to close to UAH10/USD. Although debt repayments made last week were not very significant, they provided some support as liquidity increased, rising only UAH0.01bn to UAH5.22bn last week (only UAH1.02bn of funds were repaid in local currency). The NBU's injection last week via the bond market was oriented to support the primary market (see comments below).

Chart 1. Banking sector liquidity (UAHbn) (last 3 months)



Sources: MoF, NBU, Investment Capital Ukraine LLC.

Chart 2. Future redemptions of CDs and UAH state bonds (UAHbn)



Sources: MoF, NBU, Investment Capital Ukraine LLC.

Liquidity should be volatile this week

This week could be quite volatile for liquidity because of the unstable political situation in Crimea, tax payments which had to be paid last week, and new possible outflows to the FX market. No large inflows are scheduled for this week and the NBU's support of banks should focus on sector stability and supporting demand at the primary auctions.

The MoF held auctions twice with at a lower yield...

Last week's primary auctions

After the MoF cancelled the auction originally scheduled for last Tuesday and deleted it from the monthly schedule, the Ministry held auctions last Wednesday and last Thursday. It attracted similar demand for 5-year bonds twice at the new interest rate of 11.50%, which is 275bp lower than usual for this year.

...attracted UAH3.0bn of total financing

Although demand amounted to UAH1.50bn on two separate occasions last week, thus providing the state budget with UAH3.00bn in total financing, this demand most likely was supported by the NBU under domestic QE, especially while since the NBU purchased UAH1.50bn last Thursday from the banks' portfolio (see comment below).

Borrowings covered large debt repayments made prior to the auctions

As significant debt repayments were made last week and on Friday a week before of UAH1.95bn and UAH0.23bn, respectively, the auction was much needed. Of the UAH1.95bn to be repaid last week, UAH1.43bn was for principal repayments on VAT-bonds issued in 2010 while UAH0.35bn was for an interest repayment on another bond.

The new interest rate appears to be the new benchmark for issues under domestic QE support

Last week's auctions illustrated the MoF's attempts to decrease the cost of new borrowings, particularly as it is prepared to support this demand at the primary market. We expect no changes in MoF policy at the primary market as it stays on track to optimize the cost of debt servicing. The new interest rate of 11.50% appears to be the new benchmark to receive support under domestic QE. At the same time, the cost of funds in the market remains high, making investments in new long-term bonds unattractive.

Primary auction schedule for March

The MoF has scheduled four auctions to be held this month

Last Friday, the MoF published the auction schedule for March which includes four auctions with a wide range of offered bonds. There will be zero-coupon bonds with maturity up to one year, long-term bonds with coupons in local currency, and a 2-year FX-denominated bond will be offered at two auctions. For details please see the table below.

Table 1. Primary auctions schedule for March, 2014

	4-Mar	11-Mar	18-Mar	25-Mar
zero-coupon bonds	3m, 9m	12m	3m, 9m	12m
ordinary coupon-bearing bonds	5y, 7y	5y, 7y	5y, 7y	5y, 7y
FX-denominated bonds	2y	-	2y	-

Notes: Domestic bonds issues. m - month, y - year

Sources: Ministry of Finance of Ukraine, Investment Capital Ukraine LLC.

Demand should be mostly supported by domestic QE

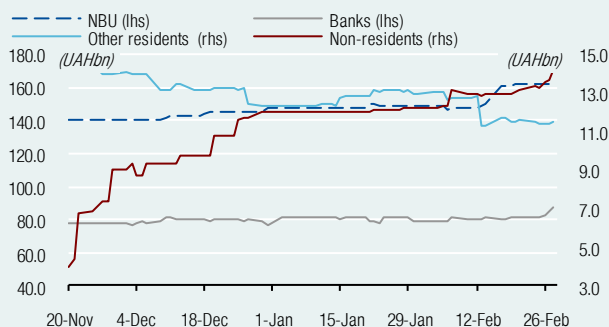
This schedule remains routine and consists of bonds routinely offered. While zero-coupon bonds could attract small market demand if liquidity in the banking system remains high, long-term bonds will have specific demand supported by the NBU through domestic QE. At the same time, we do not anticipate that the MoF will strictly follow this scheduled and we could see more auctions should tax collections fall short.

Bondholders structure: Exchange rate volatility and NBU participation

Portfolio changes were significant due to the local currency devaluation

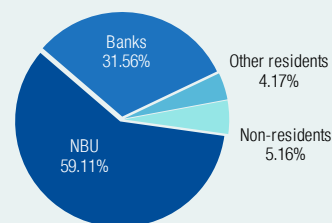
The bondholders' portfolio last week reacted to the exchange rate's significant increase last week and new bond purchases by banks and the NBU. The official exchange rate rose from UAH8.9380/USD to UAH9.9863/USD through last Friday, increasing portfolios that hold FX-denominated bonds, especially the banks' and non-residents' portfolios.

Chart 3. UAH state bondholders' portfolios (last 3 months)



Notes: other residents' and non-residents' data is plotted against the right-side axis, all other groups of bondholders are plotted against the left-side axis.
Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 4. Breakdown of government bondholders (03 January, 2014)



Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

The NBU increased its portfolio by purchasing recently issued bonds

At the same time, the NBU's portfolio rose last Friday when NBU statistics showed deals executed last Thursday. The NBU purchased UAH1.50bn of bonds, the same volume as what the MoF sold at the primary auction on Wednesday, and the most likely the same increase will register today when statistics of last Friday's deals are released.

Eurobond market

Yields volatile on positive anticipations

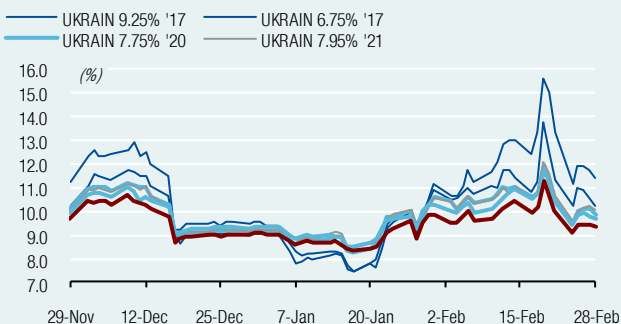
The week started with a significant improvement arising from positive announcements

Last week began with positive anticipations as the political crisis appeared to be headed to a resolution with Ukraine negotiating with the EU, the USA and the IMF. As the EU and US declared their immediate support of a new government, investors changed their view of Ukrainian risks. Spreads tightened by 200-400bp on a number of Eurobonds, causing YTM's to fall significantly.

But the crisis escalation stopped yields from declining further

However, this positive impact was short-lived last Tuesday after the appointment of a new government delayed and the crisis in Crimea escalated. With a Russian invasion becoming inevitable, the positive rebound halted and yields declined (albeit slightly) through the end of last week (see charts below). The 5-year CDS rose after falling significantly and stabilized above 1,000bp.

Chart 5. YTM's of some Ukrainian Eurobonds



Source: Bloomberg, Investment Capital Ukraine LLC.

Chart 6. Ukrainian Eurobonds spreads and 5-year CDS



Source: Bloomberg, Investment Capital Ukraine LLC.

But last Friday yields declined, possibly as the result of several bond purchases

Last Friday's improvement could have been the result of the purchase of several new bonds at the end of last week from positively oriented speculators, particularly after Fitch affirmed Ukraine's rating at CCC. As a result, YTM's moved to 9.39-13.35%, excluding UKRAIN 7.95% '14 and UKRAIN 5.00% '15. At the close, UKRAIN 6.875% '15 slid 34bp to 13.35%, UKRAIN 9.25% '17 slid 38bp to 11.38%, UKRAIN 7.95% '21 slid 18bp to 10.03%, while UKRAIN 7.80% '22 and UKRAIN 7.50% '23 remained below 10% after an 8bp decline to 9.71% and 9.39% respectively. The 5-year CDS fell to 1,032bp.

Yields will remain high and slightly volatile at the current level

This week will be harrowing for Ukraine. With low credit ratings, the political crisis escalating in several regions, and the potential for a Russian invasion, Ukraine remains a highly risky investment. With the beginning of negotiations with the IMF and a positive movement toward an EU association agreement with support and financing from the EU and the US, although investors could view this positively, we do not expect yields to decline quickly or significantly until the political situation improves.

Appendixes

The following pages contain tabular information on the local fixed-income market. There are tables that detail government debt repayments such as a weekly schedule for current year and quarterly schedule for next 5 years.

UAH bond market

Table 2. Ukrainian local-currency government bonds as of 28 Feb 2014

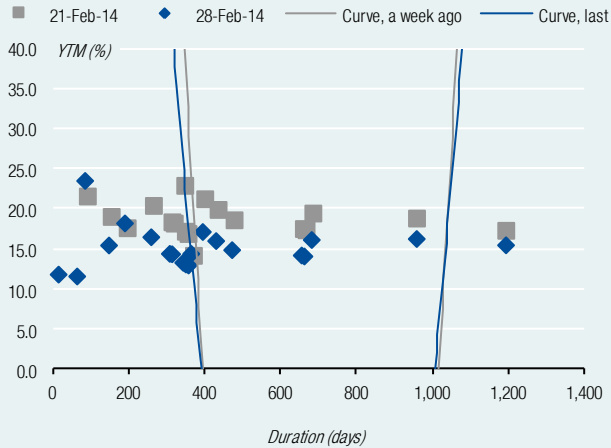
Ticker	Volume (UAHm)	Coupon rate (%)	Maturity	Price (% of par)	YTM (%)	Weekly price chg (bp)	Weekly yield chg (bp)	Duartion (years)	1W daily avg turnover (UAHm)	1W total turnover (UAHm)	Total turnover (UAHm)	Liquidity ratio*
137277	1,750.00	15	12-Mar-14	100.098	11.91			0.03	1.27	6.35	665.55	0.38
118871	1,437.35	10.13	30-Apr-14	99.777	11.68			0.17	11.64	69.82	10,417.59	7.25
140362	1,699.72	9.2	21-May-14	99.743	23.57	2	194	0.22	28.89	173.34	2,193.12	1.29
157135	2,925.30	7.97	23-Jul-14	98.188	15.54	150	-356	0.40	0.00	0.00	168.98	0.06
158794	1,507.43	7.5	10-Sep-14	98.621	18.28	5	60	0.51	0.00	0.00	1,662.88	1.10
149231	1,214.78	8.32	19-Nov-14	97.250	16.56	256	-390	0.70	14.18	85.10	1,869.79	1.54
151278	1,463.57	8.5	7-Jan-15	96.875	14.49	300	-393	0.84	24.38	73.14	1,405.86	0.96
000999	191.49	9.6	14-Jan-15	97.625	14.44	300	-382	0.85	0.00	0.00	0.00	0.00
155485	2,174.08	8.09	11-Feb-15	96.125	13.38	325	-387	0.93	3.02	15.09	5,510.54	2.53
157143	497.50	8.02	18-Feb-15	96.000	13.17	325	-380	0.95	0.00	0.00	0.00	0.00
157127	491.69	8.02	25-Feb-15	95.875	13.05	388	-992	0.97	0.00	0.00	2,053.39	4.18
160642	2,009.17	7.75	18-Mar-15	97.570	14.49	5	24	0.99	9.37	56.21	6,104.08	3.04
142699	3,102.11	9.45	22-Apr-15	96.188	17.21	381	-408	1.08	20.95	125.68	10,909.95	3.52
142681	549.32	4.8	6-May-15	103.250	-4.34	-6	-11	0.19	0.00	0.00	0.00	0.00
141071	1,507.94	9.45	27-May-15	95.813	16.09	394	-388	1.17	4.12	24.75	6,226.87	4.13
142673	1,741.25	4.5	17-Jun-15	89.875	53.43	400	-1,894	0.30	0.00	0.00	0.00	0.00
144083	22.19	9.45	8-Jul-15	95.375	14.96	413	-372	1.29	0.00	0.00	0.00	0.00
152441	3,202.91	8.25	27-Jan-16	91.625	14.29	481	-330	1.79	0.00	0.00	55.17	0.02
153282	88.65	8.25	3-Feb-16	91.563	14.17	481	-326	1.81	0.00	0.00	71.92	0.81
160923	2,985.00	7.5	16-Mar-16	89.688	1,541.29	488	-5,212	0.05	0.00	0.00	0.00	0.00
160907	285.42	8	23-Mar-16	90.438	16.22	488	-330	1.86	0.00	0.00	151.96	0.53
160915	2,985.00	8.25	22-Mar-17	85.938	16.34	500	-255	2.62	0.00	0.00	0.00	0.00
151286	5,273.50	7.5	20-Dec-17	80.188	15.56	419	-181	3.27	0.00	0.00	0.00	0.00

Notes: 1W - last 7-day period; turnover figures are trade volumes for a bond reported by PFTS; total turnover - total volume of trades with the bond at PFTS since issue date; [*] liquidity ratio - ratio of total turnover to bond's volume in outstanding.

Sources: Bloomberg, PFTS, Investment Capital Ukraine LLC.

Chart 7. Shape of the local-currency sovereign yield curve

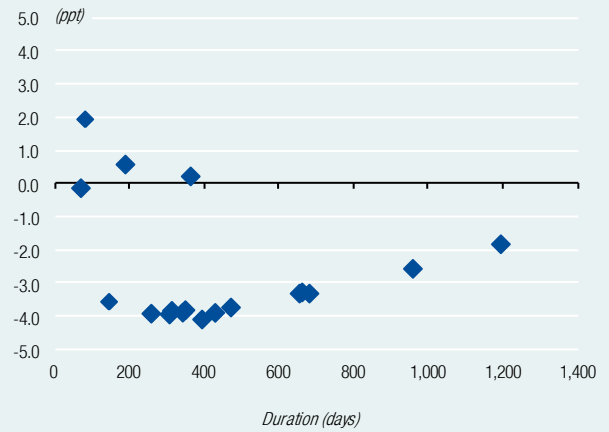
Last one compared to 1 week ago



Sources: Ministry of Finance, Bloomberg, PFTS, Investment Capital Ukraine LLC.

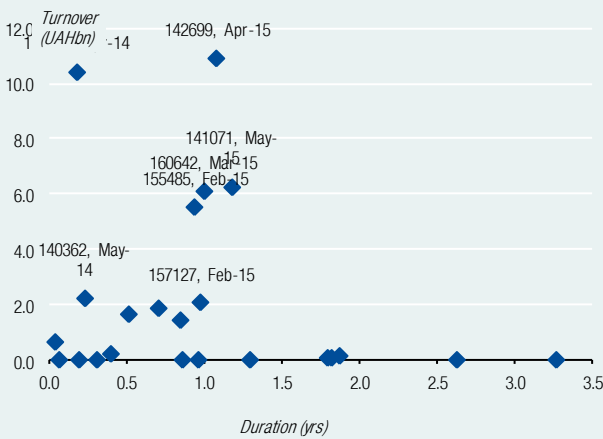
Chart 8. Movement of the local-currency sovereign yield curve

Over last week, in percentage points



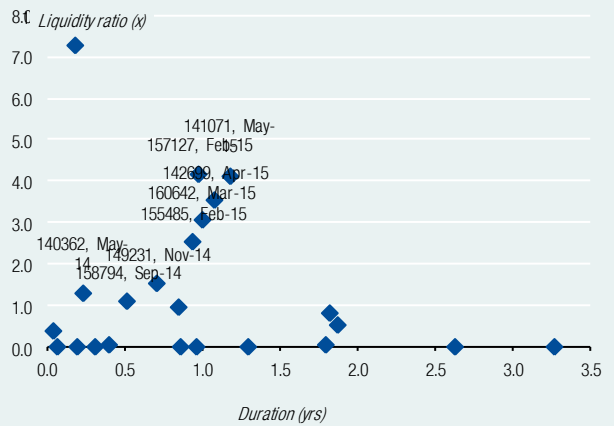
Sources: Ministry of Finance, Bloomberg, PFTS, Investment Capital Ukraine LLC.

Chart 9. Map of Ukraine's local-currency government bonds by total turnover plotted against their duration



Note: Total turnover and duration are taken from Table 2, page 7. The bonds with turnover of UAH2bn and more have labels, which consist of PFTS ticker and after a comma month and year of maturity.
Sources: Ministry of Finance, Bloomberg, PFTS, Investment Capital Ukraine LLC.

Chart 10. Map of Ukraine's local-currency government bonds by liquidity ratio plotted against their duration



Note: Total turnover and duration are taken from Table 2, page 7. The bonds with liquidity ratio of 1.1x and more have labels, which consist of PFTS ticker and after a comma month and year of maturity.
Sources: Ministry of Finance, Bloomberg, PFTS, Investment Capital Ukraine LLC.

Eurobond market

Table 3. Ukrainian Eurobonds as of 28 Feb 2014

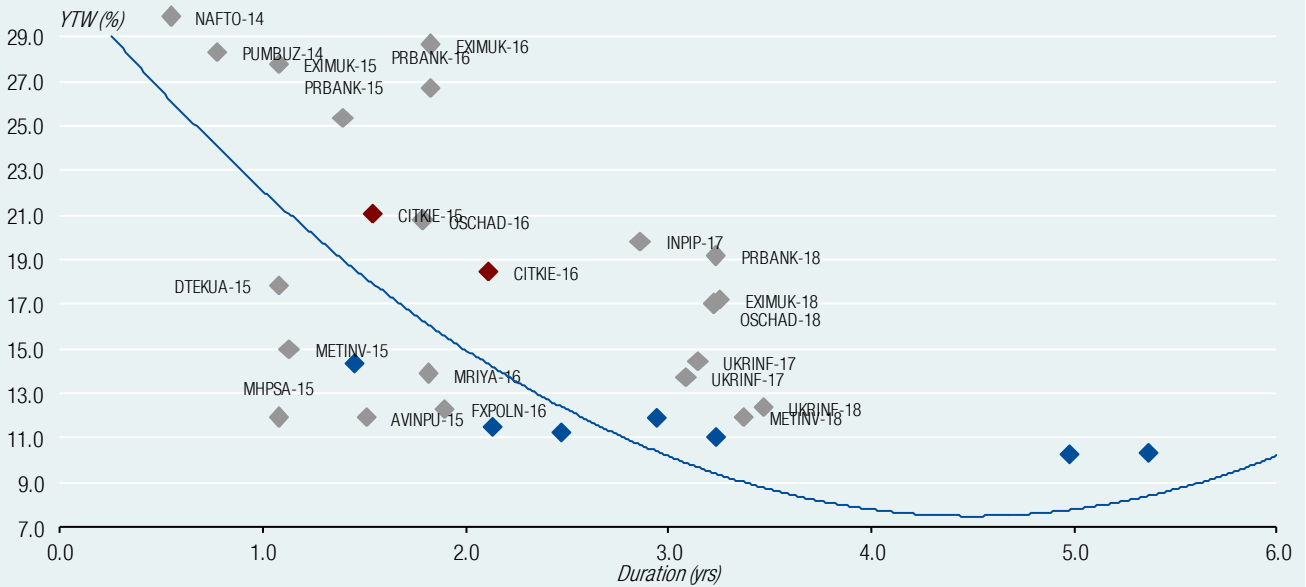
Ticker	Issuer	Ratings	Volume (million)	Curr- ency	Coupon rate (%)	Maturity	Price (% of par)	YTM (%)	Weekly price chg (bp)	Weekly yield chg (bp)	Spread (bp)	Duration (years)
CITKIE-15	Kyiv	Caa2/CCC/CC C	250.0	USD	8	6-Nov-15	83.000	20.52	-388	328	1,970	1.54
CITKIE-16	Kyiv	Caa2/CCC/CC C	300.0	USD	9.375	11-Jul-16	84.125	17.93	-300	183	1,710	2.11
AGTPW-14	Agroton	NR/NR/WD	50.0	USD	12.5	14-Jul-14	39.063	483.75	6	3,063	41,161	0.36
NAFTO-14	Naftogaz of Ukraine	NR/NR/CCC	1,595.0	USD	9.5	30-Sep-14	90.063	29.75	-88	275	2,951	0.54
PUMBUZ-14	FUIB	Caa2/NR/NR	252.5	USD	11	31-Dec-14	89.000	26.39	-219	361	2,516	0.77
EXIMUK-15	Ukreximbank	Caa2/NR/CCC	750.0	USD	8.375	27-Apr-15	83.000	26.54	-144	209	2,502	1.07
DTEKUA-15	DTEK	Caa1/NR/CCC	500.0	USD	9.5	28-Apr-15	92.375	17.07	-488	501	1,598	1.07
MHPSA-15	MHP	Caa1/NR/CCC	584.8	USD	10.25	29-Apr-15	98.750	11.41	-81	79	1,063	1.07
METINV-15	Metinvest Holding	Caa1/NR/CCC	500.0	USD	10.25	20-May-15	95.625	14.29	-300	284	1,327	1.13
PRBANK-15	Pryvatbank	Caa1u/NR/CC C	200.0	USD	9.375	23-Sep-15	81.563	24.36	-169	177	2,307	1.40
AVINPU-15	Avangard	NR/NR/CCC	200.0	USD	10	29-Oct-15	97.250	11.87	75	-49	1,147	1.51
EXIMUK-16	Ukreximbank	Caa3/NR/C	125.0	USD	8.4	9-Feb-16	70.250	26.49	-50	69	2,414	1.82
PRBANK-16	Pryvatbank	Caa2u/NR/NR	150.0	USD	8.75	9-Feb-16	72.521	24.54	144	-98	2,217	1.82
OSCHAD-16	Oshchadbank	Caa2/NR/CCC	500.0	USD	8.25	10-Mar-16	81.063	20.16	150	-94	1,927	1.79
MRIYA-16	Mriya Agroholding	NR/CCC+/CCC	250.0	USD	10.95	30-Mar-16	95.500	13.51	-131	79	1,283	1.81
FXPOLN-16	Ferrexpo PLC	Caa1/CCC+/C CC	500.0	USD	7.875	7-Apr-16	92.063	12.29	-219	130	1,195	1.89
INPIP-17	Interpipe	NR/NR/C	200.0	USD	10.25	2-Aug-17	78.813	18.96	-450	212	1,746	2.86
UKRINF-17	Infrastructure Projects Fin	Caa2/NR/NR	538.0	USD	8.375	3-Nov-17	86.000	13.32	-175	70	1,229	3.09
UKRINF-17	Infrastructure Projects Fin	(P)Caa2/NR/N R	550.0	USD	9	7-Dec-17	85.913	13.93	370	-143	1,278	3.14
EXIMUK-18	Ukreximbank	Caa2/NR/CCC	500.0	USD	8.75	22-Jan-18	77.375	16.93	119	-47	1,520	3.25
METINV-18	Metinvest Holding	Caa1/NR/CCC	750.0	USD	8.75	14-Feb-18	90.500	11.83	-50	19	1,024	3.37
PRBANK-18	Pryvatbank	Caa1u/NR/CC C	175.0	USD	10.875	28-Feb-18	78.500	18.78	19	-4	1,695	3.23
OSCHAD-18	Oshchadbank	Caa2/NR/CCC	500.0	USD	8.875	20-Mar-18	77.688	16.68	194	-76	1,489	3.22
UKRINF-18	Infrastructure Projects Fin	Caa2/NR/NR	690.0	USD	7.4	20-Apr-18	85.125	12.08	0	3	1,031	3.47
UKRAIN-14	Ministry of Finance	Caa2/CCC/CC C	1,000.0	USD	7.95	4-Jun-14	94.750	30.16	-75	501	2,786	0.25
UKRAIN-15	Ministry of Finance	Caa2/CCC/CC C	500.0	USD	6.875	23-Sep-15	90.746	13.70	411	-318	1,272	1.45
UKRAIN-15	Ministry of Finance	Caa2/CCC/CC C	600.0	EUR	4.95	13-Oct-15	89.000	12.90	225	-173	1,243	1.56
UKRAIN-16	Ministry of Finance	Caa2/CCC/CC C	1,250.0	USD	6.25	17-Jun-16	90.113	11.27	454	-247	1,071	2.13
UKRAIN-16	Ministry of Finance	Caa2/CCC/CC C	1,000.0	USD	6.58	21-Nov-16	89.727	11.06	461	-217	1,053	2.47
UKRAIN-17	Ministry of Finance	Caa2/CCC/CC C	2,600.0	USD	9.25	24-Jul-17	93.137	11.76	615	-243	1,090	2.94
UKRAIN-17	Ministry of Finance	Caa2/CCC/CC C	700.0	USD	6.75	14-Nov-17	88.447	10.61	316	-113	947	3.23
UKRAIN-20	Ministry of Finance	Caa2/CCC/CC C	1,500.0	USD	7.75	23-Sep-20	88.827	10.12	364	-85	847	4.97
UKRAIN-21	Ministry of Finance	Caa2/CCC/CC C	1,500.0	USD	7.95	23-Feb-21	88.915	10.21	393	-88	740	5.36
UKRAIN-22	Ministry of Finance	Caa2/CCC/CC	2,250.0	USD	7.8	28-Nov-22	88.403	9.80	560	-109	702	6.19

		C										
UKRAIN-23	Ministry of Finance	Caa2/CCC/CC	1,250.0	USD	7.5	17-Apr-23	88.095	9.48	506	-94	670	6.38
		C										
VABANK-14	VAB Bank	Caa1 /*- /NR/WD	112.5	USD	10.5	14-Jun-14	90.100	38.87	0	0	4,071	0.38
OSCHAD-16	Oshchadbank	NR/NR/B	200.0	USD	8.25	10-Mar-16	0.000	0.00	0	0	0	0.00
NADRA-17	Nadra Bank	WR/NR/WD	59.7	USD	8	22-Jun-17	82.180	23.81	0	0	1,949	1.28

Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 11. Term structure of yields of Ukrainian Eurobonds as of 28 Feb 2014

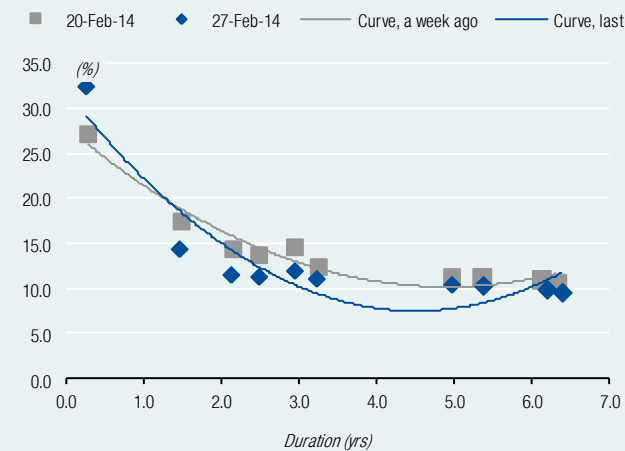
Blue dots are Ukraine sovereign Eurobonds; grey dots are corporate Eurobonds and red ones are municipal Eurobonds



Sources: Bloomberg, Investment Capital Ukraine LLC..

Chart 12. Shape of the USD sovereign yield curve at Eurobond market

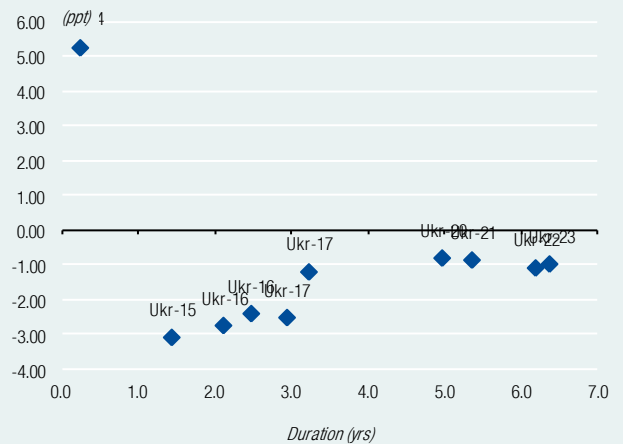
Last one compared to 1 week ago



Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 13. Movement of the USD sovereign yield curve at Eurobond market

Over last week, in percentage points



Note: each point of the chart has a label, where "Ukr" means Ukraine sovereign bond and a two-digit figure after a dash means year of maturity of the bond.
Sources: Bloomberg, Investment Capital Ukraine LLC.

Primary market for UAH state bonds

Table 4. Primary market for local-currency government bonds: results of recent auctions

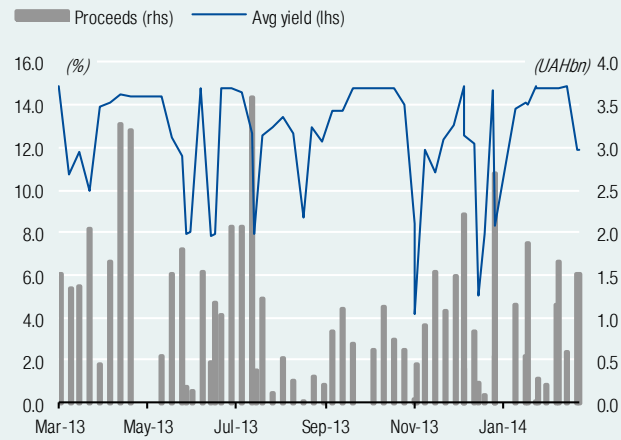
Date	Qty of bonds offered/sold	Proceeds (UAHm)	Volume of bonds sold* (UAHm)	Volume of bids submitted (UAHm)	Qty of bids submitted	Lowest yield asked** (%)	Highest yield asked** (%)	MoF cut-off yield (%)	Qty of bids accepted	Average yield (%)	WA yield (%)	Average duration (years)	WA duration (years)
27-Feb-14	1	1,503.69	1,500.00	1,500.00	1	11.50	11.50	11.50	1	11.86	11.86	3.91	3.91
26-Feb-14	1	1,500.00	1,500.00	1,500.00	1	11.50	11.50	11.50	1	11.86	11.86	3.93	3.93
18-Feb-14	1	600.00	600.00	600.00	1	14.25	14.25	14.25	1	14.84	14.84	3.73	3.73
13-Feb-14	1	1,655.00	1,650.00	1,650.00	1	14.25	14.25	14.25	1	14.80	14.80	3.71	3.71
11-Feb-14	1	1,151.08	1,145.00	1,145.00	2	14.25	14.25	14.25	2	14.79	14.79	3.69	3.69
4-Feb-14	1	209.27	208.71	208.71	2	14.25	14.25	14.25	2	14.79	14.79	3.71	3.71
29-Jan-14	1	273.01	273.01	0.00	2	14.25	14.25	14.25	2	14.80	14.80	3.73	3.73
28-Jan-14	1	10.11	10.00	10.00	1	14.30	14.30	14.30	1	14.85	14.85	4.56	4.56
23-Jan-14	3	1,881.79	688.05	1,958.05	11	8.25	14.25	10.67	10	14.03	14.13	1.48	1.59
21-Jan-14	3	537.93	340.00	540.28	10	5.00	14.25	9.17	7	14.15	14.48	1.41	1.83
14-Jan-14	2	1,150.73	1,152.26	1,152.26	19	8.75	14.25	11.50	6	13.85	14.76	2.35	3.68
31-Dec-13	1	544.86	550.00	550.00	1	8.00	8.00	8.00	1	8.29	8.29	0.12	0.12
30-Dec-13	4	2,695.11	2,374.81	2,645.12	6	5.00	14.30	9.64	6	14.67	14.81	2.09	3.81
24-Dec-13	1	99.96	99.83	99.83	1	7.75	7.75	7.75	1	7.92	7.92	2.71	2.71
19-Dec-13	2	234.96	184.00	234.00	4	4.80	5.00	4.90	4	5.00	5.06	0.02	0.02
17-Dec-13	2	837.39	123.30	823.30	2	7.75	14.25	11.00	2	12.14	14.09	3.07	3.49
10-Dec-13	2	405.47	47.49	397.49	2	7.75	14.30	11.03	2	12.53	14.40	3.59	4.31
9-Dec-13	2	2,211.89	2,200.00	2,200.00	2	14.25	14.30	14.28	2	14.83	14.84	4.14	4.31
3-Dec-13	4	1,480.13	1,405.00	1,454.93	5	7.75	14.30	12.10	5	13.04	14.66	3.60	3.96
26-Nov-13	5	1,083.86	862.07	1,082.98	13	4.00	14.30	9.56	13	12.39	11.66	2.63	1.82
19-Nov-13	5	1,542.65	761.35	1,536.85	9	4.00	14.25	9.10	9	10.87	10.94	3.11	2.68
12-Nov-13	5	906.07	654.81	900.81	15	4.00	14.25	8.65	14	11.93	10.63	1.43	0.58
6-Nov-13	1	458.93	460.00	565.00	11	4.00	10.00	4.25	4	4.12	4.12	0.06	0.06
5-Nov-13	1	49.89	48.65	48.65	1	8.25	8.25	8.25	1	8.41	8.41	1.58	1.58
29-Oct-13	2	614.19	625.55	665.55	7	7.75	14.25	11.13	5	14.03	14.02	2.19	2.18
22-Oct-13	1	739.96	738.00	738.00	3	14.25	14.25	14.25	3	14.79	14.79	3.71	3.71
15-Oct-13	2	1,128.68	1,126.01	1,126.01	3	14.25	14.30	14.28	3	14.82	14.82	4.17	4.12
8-Oct-13	1	613.39	606.94	606.94	3	14.25	14.25	14.25	3	14.79	14.79	3.66	3.66
24-Sep-13	3 / 2	694.79	677.00	678.61	6	8.25	14.30	9.52	4	14.82	14.84	4.07	4.42
17-Sep-13	3	1,093.44	1,021.00	1,081.01	6	4.80	14.30	11.12	5	13.68	14.66	3.20	3.87
10-Sep-13	4 / 3	840.87	794.63	820.02	10	8.25	14.30	9.20	9	13.73	14.70	3.34	3.52
3-Sep-13	5 / 2	207.13	207.00	282.10	11	0.00	16.00	4.86	3	12.29	10.40	5.37	6.44
27-Aug-13	4	302.20	166.64	319.64	14	7.75	14.30	11.26	12	12.91	13.24	3.09	2.79
20-Aug-13	2	20.07	20.00	20.00	3	8.25	8.75	8.50	3	8.74	8.85	2.23	2.46
13-Aug-13	5	250.03	228.63	249.60	8	7.75	14.30	10.66	8	12.70	13.99	2.68	2.06
6-Aug-13	2	513.53	496.03	530.43	9	8.25	14.30	11.28	4	13.44	14.80	3.08	4.50
30-Jul-13	3	120.84	85.84	149.34	12	7.75	14.25	10.08	7	12.92	10.47	1.82	1.50
23-Jul-13	3	1,214.05	1,209.77	1,214.82	16	7.70	14.25	10.08	16	12.57	14.55	1.99	2.39
18-Jul-13	1	388.81	395.00	395.00	5	7.75	7.75	7.75	5	7.89	7.89	0.21	0.21
16-Jul-13	5	3,582.50	3,375.00	3,581.70	20	7.75	14.30	10.66	19	12.63	14.57	2.69	3.52

Notes: the tables depicts the history of last 40 auctions; [*] - volume of bonds sold at the auction at par value; [**] - lowest and highest yields that are indicated in the bid orders submitted to the auction in order to buy all bonds offered by MoF.

Sources: Ministry of Finance, Investment Capital Ukraine LLC.

Chart 14. Effective yield of debt raised by MoF and total volume of proceeds at the government bond auctions

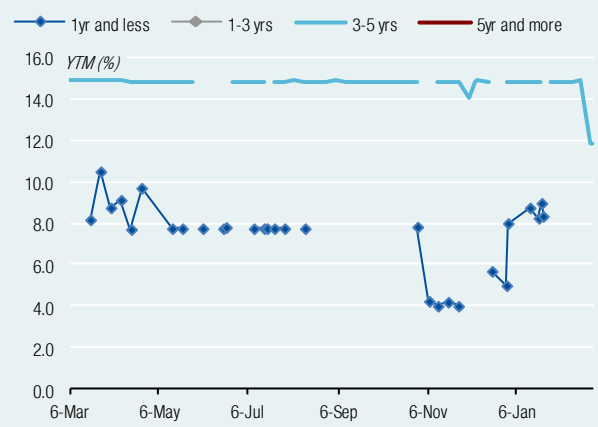
Last 12-month period



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

Chart 15. Yield-to-maturity of government bonds sold at auctions, breakdown by duration of bonds sold

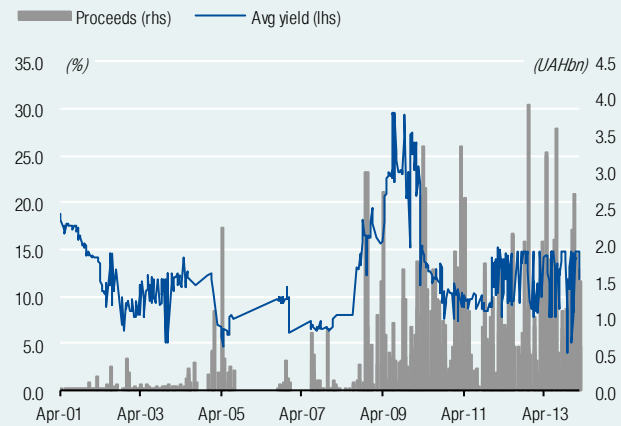
Last 12-month period



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

Chart 16. Effective yield of debt raised by MoF and total volume of proceeds at the government bond auctions

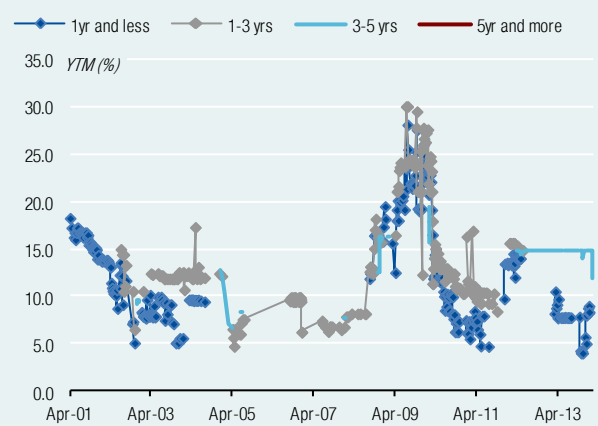
History since April 2001 to present



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

Chart 17. Yield-to-maturity of government bonds sold at auctions, breakdown by duration of bonds sold

History since April 2001 to present



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

UAH state bonds outstanding

Table 5. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
Government UAH bonds								
UA4000137277	Coupon bonds	1,750,000,000.00	15.00	Semi-annually	No	No		12-Mar-2014
UA4000160899	Zero-coupon bonds	497,000,000.00		Upon maturity	No	No		19-Mar-2014
UA4000115117	Coupon bonds	1,525,000,000.00	10.75	Semi-annually	No	No		26-Mar-2014
UA4000176085	Zero-coupon bonds	1,002,052,000.00		Upon maturity	No	No		23-Apr-2014
UA4000118871	Coupon bonds	1,437,350,000.00	10.13	Semi-annually	No	No		30-Apr-2014
UA4000051403	Coupon bonds	1,000,000,000.00	15.60	Semi-annually	No	No		14-May-2014
UA4000179048	Zero-coupon bonds	610,000,000.00		Upon maturity	No	No		21-May-2014
UA4000123863	Coupon bonds	752,000,000.00	10.10	Semi-annually	No	No		9-Jul-2014
UA4000178883	Zero-coupon bonds	25,000,000.00		Upon maturity	No	No		15-Oct-2014
UA4000064026	Coupon bonds	1,000,000.00	18.50	Semi-annually	No	No		21-Jan-2015
UA4000064166	Coupon bonds	451,875,000.00	15.00	Semi-annually	No	No		28-Jan-2015
UA4000141592	Coupon bonds	250,000,000.00	14.30	Semi-annually	No	No		20-May-2015
UA4000106181	Coupon bonds	80,002,000.00	9.50	Quarterly	Yes	Yes	13-Jul-2016	13-Jul-2016
UA4000107528	Coupon bonds	7,875,000.00	12.50	Quarterly	Yes	No		20-Jul-2016
UA4000138853	Coupon bonds	1,928,720,000.00	14.30	Semi-annually	No	No		5-Apr-2017
UA4000142665	Coupon bonds	1,759,740,000.00	14.30	Semi-annually	No	No		24-May-2017
UA4000145973	Coupon bonds	1,810,000,000.00	14.30	Semi-annually	No	No		2-Aug-2017
UA4000148027	Coupon bonds	1,824,455,000.00	14.30	Semi-annually	No	No		11-Oct-2017
UA4000148571	Coupon bonds	1,890,000,000.00	14.30	Semi-annually	No	No		18-Oct-2017
UA4000177745	Coupon bonds	5,000,000.00	12.10	Semi-annually	No	No		15-Nov-2017
UA4000151203	Coupon bonds	1,493,409,000.00	14.30	Semi-annually	No	No		13-Dec-2017
UA4000157119	Coupon bonds	2,500,330,000.00	14.30	Semi-annually	No	No		7-Feb-2018
UA4000160626	Coupon bonds	1,818,593,000.00	14.30	Semi-annually	No	No		7-Mar-2018
UA4000162127	Coupon bonds	2,751,160,000.00	14.30	Semi-annually	No	No		4-Apr-2018
UA4000165765	Coupon bonds	1,585,600,000.00	14.25	Semi-annually	No	No		11-Apr-2018
UA4000166219	Coupon bonds	400,000,000.00	14.25	Semi-annually	No	No		18-Apr-2018
UA4000166201	Coupon bonds	2,254,507,000.00	14.25	Semi-annually	No	No		2-May-2018
UA4000168082	Coupon bonds	3,050,250,000.00	14.25	Semi-annually	No	No		16-May-2018
UA4000171391	Coupon bonds	1,803,816,000.00	14.25	Semi-annually	No	No		27-Jun-2018
UA4000170732	Coupon bonds	3,853,400,000.00	14.25	Semi-annually	No	No		4-Jul-2018
UA4000174239	Coupon bonds	1,247,936,000.00	14.25	Semi-annually	No	No		5-Sep-2018
UA4000175467	Coupon bonds	1,364,010,000.00	14.25	Semi-annually	No	No		10-Oct-2018
UA4000176093	Coupon bonds	1,644,780,000.00	14.25	Semi-annually	No	No		24-Oct-2018
UA4000177919	Coupon bonds	2,100,000,000.00	14.25	Semi-annually	No	No		14-Nov-2018
UA4000178891	Coupon bonds	2,077,263,000.00	14.25	Semi-annually	No	No		9-Jan-2019
UA4000179196	Coupon bonds	1,626,723,000.00	14.25	Semi-annually	No	No		23-Jan-2019
UA4000179519	Coupon bonds	1,650,000,000.00	14.25	Semi-annually	No	No		30-Jan-2019
UA4000179691	Coupon bonds	600,000,000.00	14.30	Semi-annually	No	No		13-Feb-2019
UA4000179766	Coupon bonds	1,500,000,000.00	11.50	Semi-annually	No	No		13-Feb-2019
UA4000179741	Coupon bonds	1,500,000,000.00	11.50	Semi-annually	No	No		20-Feb-2019
UA4000138861	Coupon bonds	2,160,000,000.00	14.00	Semi-annually	No	No		17-Apr-2019
UA4000142137	Coupon bonds	1,900,000,000.00	14.13	Semi-annually	No	No		22-May-2019
UA4000146997	Coupon bonds	1,996,041,000.00	14.30	Semi-annually	No	No		18-Sep-2019
UA4000148589	Coupon bonds	2,000,000,000.00	14.30	Semi-annually	No	No		23-Oct-2019
UA4000148944	Coupon bonds	500,000,000.00	14.30	Semi-annually	No	No		30-Oct-2019
UA4000157671	Coupon bonds	1,760,800,000.00	14.30	Semi-annually	No	No		12-Feb-2020
UA4000165773	Coupon bonds	1,820,000,000.00	14.30	Semi-annually	No	No		8-Apr-2020
UA4000166805	Coupon bonds	1,944,904,000.00	14.30	Semi-annually	No	No		6-May-2020

Table 5. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
UA4000171094	Coupon bonds	2,403,338,000.00	14.30	Semi-annually	No	No		8-Jul-2020
UA4000175459	Coupon bonds	1,195,000,000.00	14.30	Semi-annually	No	No		23-Sep-2020
UA4000178024	Coupon bonds	2,024,807,000.00	14.30	Semi-annually	No	No		21-Oct-2020
UA4000177927	Coupon bonds	1,500,000,000.00	14.30	Semi-annually	No	No		18-Nov-2020
UA4000179170	Coupon bonds	10,000,000.00	14.30	Semi-annually	No	No		23-Dec-2020
UA4000173371	Coupon bonds	330,000,000.00	10.00	Semi-annually	No	No		23-Aug-2023
Total		76,973,736,000.00						
Government recap'n bonds								
UA4000063200	Coupon bonds	1,598,269,000.00	9.75	Semi-annually	No	No		11-Jun-2014
UA4000136436	Coupon bonds	1,500,000,000.00	9.65	Semi-annually	No	No		30-Jul-2014
UA4000136451	Coupon bonds	1,500,000,000.00	9.75	Semi-annually	No	No		8-Oct-2014
UA4000063218	Coupon bonds	1,598,270,000.00	9.75	Semi-annually	No	No		12-Nov-2014
UA4000063226	Coupon bonds	1,598,270,000.00	9.75	Semi-annually	No	No		17-Dec-2014
UA4000136469	Coupon bonds	1,500,000,000.00	9.95	Semi-annually	No	No		4-Feb-2015
UA4000092100	Coupon bonds	500,000,000.00	9.50	Semi-annually	No	No		18-Mar-2015
UA4000146393	Coupon bonds	1,000,000,000.00	9.95	Semi-annually	No	No		2-Sep-2015
UA4000048789	Coupon bonds	2,000,000,000.00	9.50	Semi-annually	No	No		18-Nov-2015
UA4000050090	Coupon bonds	4,000,000,000.00	9.50	Semi-annually	No	No		16-Dec-2015
UA4000092118	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		17-Feb-2016
UA4000115190	Coupon bonds	1,250,000,000.00	9.50	Semi-annually	No	No		9-Mar-2016
UA4000050199	Coupon bonds	3,885,000,000.00	9.50	Semi-annually	No	No		13-Apr-2016
UA4000050017	Coupon bonds	3,700,000,000.00	9.50	Semi-annually	No	No		10-May-2016
UA4000092126	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		29-Jun-2016
UA4000092134	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		13-Jul-2016
UA4000119945	Coupon bonds	1,750,000,000.00	9.50	Semi-annually	No	No		24-Aug-2016
UA4000050207	Coupon bonds	3,885,000,000.00	9.50	Semi-annually	No	No		14-Sep-2016
UA4000115208	Coupon bonds	1,250,000,000.00	9.50	Semi-annually	No	No		15-Feb-2017
UA4000092142	Coupon bonds	1,200,000,000.00	9.50	Semi-annually	No	No		12-Apr-2017
UA4000057111	Coupon bonds	1,033,333,000.00	9.50	Semi-annually	No	No		31-May-2017
UA4000057277	Coupon bonds	1,188,431,000.00	9.50	Semi-annually	No	No		7-Jun-2017
UA4000057301	Coupon bonds	936,171,000.00	9.50	Semi-annually	No	No		14-Jun-2017
UA4000156863	Coupon bonds	2,000,000,000.00	14.30	Semi-annually	No	No		28-Jun-2017
UA4000058606	Coupon bonds	3,100,000,000.00	9.50	Semi-annually	No	No		19-Jul-2017
UA4000158315	Coupon bonds	1,000,000,000.00	14.30	Semi-annually	No	No		16-Aug-2017
UA4000092167	Coupon bonds	1,200,000,000.00	9.50	Semi-annually	No	No		23-Aug-2017
UA4000115216	Coupon bonds	1,250,000,000.00	9.50	Semi-annually	No	No		13-Sep-2017
UA4000058614	Coupon bonds	1,658,263,000.00	9.50	Semi-annually	No	No		4-Oct-2017
UA4000153340	Coupon bonds	1,500,000,000.00	14.30	Semi-annually	No	No		8-Nov-2017
UA4000151476	Coupon bonds	2,000,000,000.00	14.30	Semi-annually	No	No		29-Nov-2017
UA4000153126	Coupon bonds	500,000,000.00	14.30	Semi-annually	No	No		13-Dec-2017
UA4000130082	Coupon bonds	2,000,000,000.00	9.50	Semi-annually	No	No		27-Dec-2017
UA4000130090	Coupon bonds	2,000,000,000.00	9.50	Semi-annually	No	No		17-Jan-2018
UA4000115638	Coupon bonds	1,975,000,000.00	9.50	Semi-annually	No	No		21-Feb-2018
UA4000160758	Coupon bonds	1,000,000,000.00	14.30	Semi-annually	No	No		14-Mar-2018
UA4000061790	Coupon bonds	1,400,000,000.00	9.50	Semi-annually	No	No		28-Mar-2018
UA4000119952	Coupon bonds	1,750,000,000.00	9.50	Semi-annually	No	No		25-Apr-2018
UA4000055586	Coupon bonds	1,000,000,000.00	9.50	Semi-annually	No	No		9-May-2018
UA4000057319	Coupon bonds	936,172,000.00	9.50	Semi-annually	No	No		30-May-2018
UA4000057129	Coupon bonds	1,033,333,000.00	9.50	Semi-annually	No	No		6-Jun-2018
UA4000057285	Coupon bonds	1,188,431,000.00	9.50	Semi-annually	No	No		13-Jun-2018
UA4000173314	Coupon bonds	1,250,000,000.00	14.25	Semi-annually	No	No		20-Jun-2018

Table 5. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
UA4000058622	Coupon bonds	1,916,119,000.00	9.50	Semi-annually	No	No		18-Jul-2018
UA4000173306	Coupon bonds	1,250,000,000.00	14.25	Semi-annually	No	No		25-Jul-2018
UA4000173298	Coupon bonds	1,250,000,000.00	14.25	Semi-annually	No	No		1-Aug-2018
UA4000120877	Coupon bonds	604,000,000.00	9.50	Semi-annually	No	No		8-Aug-2018
UA4000173280	Coupon bonds	1,250,000,000.00	14.25	Semi-annually	No	No		15-Aug-2018
UA4000115224	Coupon bonds	1,250,000,000.00	9.50	Semi-annually	No	No		22-Aug-2018
UA4000062525	Coupon bonds	650,000,000.00	9.50	Semi-annually	No	No		12-Sep-2018
UA4000115646	Coupon bonds	1,975,001,000.00	9.50	Semi-annually	No	No		19-Sep-2018
UA4000058630	Coupon bonds	1,355,345,000.00	9.50	Semi-annually	No	No		3-Oct-2018
UA4000059323	Coupon bonds	1,000,000,000.00	9.50	Semi-annually	No	No		31-Oct-2018
UA4000121495	Coupon bonds	1,000,000,000.00	9.50	Semi-annually	No	No		7-Nov-2018
UA4000064307	Coupon bonds	1,000,000,000.00	9.50	Semi-annually	No	No		21-Nov-2018
UA4000177943	Coupon bonds	300,000,000.00	9.50	Semi-annually	No	No		28-Nov-2018
UA4000061808	Coupon bonds	1,400,000,000.00	9.50	Semi-annually	No	No		6-Feb-2019
UA4000064315	Coupon bonds	1,294,999,000.00	9.50	Semi-annually	No	No		13-Mar-2019
UA4000058648	Coupon bonds	1,933,060,000.00	9.50	Semi-annually	No	No		3-Apr-2019
UA4000121503	Coupon bonds	1,100,000,000.00	9.50	Semi-annually	No	No		15-May-2019
UA4000057293	Coupon bonds	1,188,432,000.00	9.50	Semi-annually	No	No		29-May-2019
UA4000057327	Coupon bonds	936,172,000.00	9.50	Semi-annually	No	No		5-Jun-2019
UA4000057137	Coupon bonds	1,033,334,000.00	9.50	Semi-annually	No	No		12-Jun-2019
UA4000064323	Coupon bonds	1,000,000,000.00	9.50	Semi-annually	No	No		17-Jul-2019
UA4000063119	Coupon bonds	1,276,191,000.00	9.50	Semi-annually	No	No		21-Aug-2019
UA4000064349	Coupon bonds	1,295,000,000.00	9.50	Semi-annually	No	No		25-Sep-2019
UA4000064117	Coupon bonds	900,000,000.00	9.50	Semi-annually	No	No		16-Oct-2019
UA4000064125	Coupon bonds	900,000,000.00	9.50	Semi-annually	No	No		20-Nov-2019
UA4000063010	Coupon bonds	950,000,000.00	9.50	Semi-annually	No	No		11-Mar-2020
UA4000061816	Coupon bonds	1,400,000,000.00	9.50	Semi-annually	No	No		15-Apr-2020
UA4000121511	Coupon bonds	1,100,000,000.00	9.50	Semi-annually	No	No		20-May-2020
UA4000063127	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		17-Jun-2020
UA4000063028	Coupon bonds	949,981,000.00	9.50	Semi-annually	No	No		12-Aug-2020
UA4000061824	Coupon bonds	1,400,000,000.00	9.50	Semi-annually	No	No		4-Nov-2020
UA4000177950	Coupon bonds	1,400,000,000.00	9.50	Semi-annually	No	No		25-Nov-2020
UA4000063135	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		9-Jun-2021
UA4000121529	Coupon bonds	1,100,000,000.00	9.50	Semi-annually	No	No		22-Sep-2021
UA4000063143	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		1-Jun-2022
Total		112,971,577,000.00						
Government VAT bonds 2010								
UA4000078141	Coupon bonds	14,532,000.00	5.50	Semi-annually	Yes	No		27-Jul-2015
UA4000082531	Coupon bonds	614,344,500.00	5.50	Semi-annually	Yes	No		21-Aug-2015
UA4000082622	Coupon bonds	2,491,461,900.00	5.50	Semi-annually	Yes	No		24-Aug-2015
UA4000083059	Coupon bonds	1,810,435,500.00	5.50	Semi-annually	Yes	No		25-Aug-2015
Total		4,930,773,900.00						
Government indexed bonds								
UA4000129100	Coupon bonds	1,610,000,000.00	8.22	Semi-annually	No	No		24-Sep-2014
UA4000129902	Coupon bonds	175,000,000.00	8.22	Semi-annually	No	No		22-Oct-2014
UA4000130595	Coupon bonds	200,000,000.00	8.25	Semi-annually	No	No		29-Oct-2014
UA4000130603	Coupon bonds	1,200,100,000.00	8.22	Semi-annually	No	No		5-Nov-2014
UA4000132278	Coupon bonds	250,000,000.00	9.75	Semi-annually	No	No		3-Dec-2014
UA4000137822	Coupon bonds	700,000,000.00	9.30	Semi-annually	No	No		4-Mar-2015
UA4000138242	Coupon bonds	470,000,000.00	9.30	Semi-annually	No	No		8-Apr-2015
UA4000139513	Coupon bonds	900,000,000.00	9.30	Semi-annually	No	No		13-May-2015

Table 5. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
UA4000141600	Coupon bonds	100,000,000.00	9.30	Semi-annually	No	No		3-Jun-2015
UA4000144075	Coupon bonds	600,000,000.00	9.30	Semi-annually	No	No		15-Jul-2015
UA4000146070	Coupon bonds	200,000,000.00	9.30	Semi-annually	No	No		12-Aug-2015
UA4000146500	Coupon bonds	525,000,000.00	9.30	Semi-annually	No	No		9-Sep-2015
UA4000148217	Coupon bonds	329,000,000.00	9.30	Semi-annually	No	No		28-Oct-2015
UA4000149082	Coupon bonds	580,000,000.00	9.30	Semi-annually	No	No		11-Nov-2015
UA4000151500	Coupon bonds	557,000,000.00	9.19	Semi-annually	No	No		13-Jan-2016
UA4000160634	Coupon bonds	60,000,000.00	9.10	Semi-annually	No	No		16-Mar-2016
UA4000129233	Coupon bonds	850,000,000.00	8.75	Semi-annually	No	No		10-Aug-2016
UA4000129118	Coupon bonds	1,940,000,000.00	8.75	Semi-annually	No	No		28-Sep-2016
UA4000177406	Coupon bonds	477,000,000.00	9.50	Semi-annually	No	No		16-Nov-2016
UA4000129241	Coupon bonds	1,000,000,000.00	9.25	Semi-annually	No	No		15-Sep-2021
Total		12,723,100,000.00						
Government foreign-currency bonds								
UA4000177125	Zero-coupon bonds	298,500,000.00		Upon maturity	No	No		23-Apr-2014
UA4000140362	Coupon bonds	1,699,718,700.00	9.20	Semi-annually	No	No		21-May-2014
UA4000157135	Coupon bonds	2,925,300,000.00	7.97	Semi-annually	No	No		23-Jul-2014
UA4000158794	Coupon bonds	1,507,425,000.00	7.50	Semi-annually	No	No		10-Sep-2014
UA4000174247	Coupon bonds	823,979,400.00	4.80	Semi-annually	No	Yes	29-Oct-2014	29-Oct-2014
UA4000149231	Coupon bonds	1,214,775,600.00	8.32	Semi-annually	No	No		19-Nov-2014
UA4000173058	Coupon bonds	995,000,000.00	7.75	Semi-annually	No	No		26-Nov-2014
UA4000177133	Coupon bonds	2,238,750,000.00	7.88	Semi-annually	No	No		10-Dec-2014
UA4000171649	Coupon bonds	987,388,250.00	8.25	Semi-annually	No	No		24-Dec-2014
UA4000151278	Coupon bonds	1,463,565,400.00	8.50	Semi-annually	No	No		7-Jan-2015
UA4000133771	Coupon bonds	191,487,750.00	9.60	Semi-annually	No	No		14-Jan-2015
UA4000155485	Coupon bonds	2,174,075,000.00	8.09	Semi-annually	No	No		11-Feb-2015
UA4000157143	Coupon bonds	497,500,000.00	8.02	Semi-annually	No	No		18-Feb-2015
UA4000157127	Coupon bonds	491,689,200.00	8.02	Semi-annually	No	No		25-Feb-2015
UA4000160642	Coupon bonds	2,009,173,650.00	7.75	Semi-annually	No	No		18-Mar-2015
UA4000142699	Coupon bonds	3,102,111,500.00	9.45	Semi-annually	No	No		22-Apr-2015
UA4000142681	Coupon bonds	549,319,600.00	4.80	Semi-annually	No	Yes	6-May-2015	6-May-2015
UA4000166821	Coupon bonds	2,652,670,000.00	7.75	Semi-annually	No	No		6-May-2015
UA4000141071	Coupon bonds	1,507,942,400.00	9.45	Semi-annually	No	No		27-May-2015
UA4000167837	Coupon bonds	1,728,414,500.00	7.75	Semi-annually	No	No		3-Jun-2015
UA4000142673	Coupon bonds	1,741,250,000.00	4.50	Semi-annually	No	Yes	17-Jun-2015	17-Jun-2015
UA4000144083	Coupon bonds	22,188,500.00	9.45	Semi-annually	No	No		8-Jul-2015
UA4000171409	Coupon bonds	1,038,561,100.00	8.25	Semi-annually	No	No		15-Jul-2015
UA4000152441	Coupon bonds	3,202,905,000.00	8.25	Semi-annually	No	No		27-Jan-2016
UA4000153282	Coupon bonds	88,654,500.00	8.25	Semi-annually	No	No		3-Feb-2016
UA4000160923	Coupon bonds	2,985,000,000.00	7.50	Semi-annually	No	Yes	16-Mar-2016	16-Mar-2016
UA4000160907	Coupon bonds	285,415,750.00	8.00	Semi-annually	No	No		23-Mar-2016
UA4000166847	Coupon bonds	740,777,500.00	8.00	Semi-annually	No	No		25-May-2016
UA4000172506	Coupon bonds	2,246,580,650.00	8.75	Semi-annually	No	No		10-Aug-2016
UA4000177414	Coupon bonds	2,970,075,000.00	7.75	Semi-annually	No	Yes	26-Oct-2016	26-Oct-2016
UA4000177752	Coupon bonds	496,763,700.00	7.75	Semi-annually	No	Yes	30-Nov-2016	30-Nov-2016
UA4000178305	Coupon bonds	993,328,400.00	7.75	Semi-annually	No	No		14-Dec-2016
UA4000160915	Coupon bonds	2,985,000,000.00	8.25	Semi-annually	No	No		22-Mar-2017
UA4000166854	Coupon bonds	3,233,750,000.00	7.45	Semi-annually	No	Yes	17-May-2017	17-May-2017
UA4000151286	Coupon bonds	5,273,500,000.00	7.50	Semi-annually	No	No		20-Dec-2017
UA4000177554	Coupon bonds	1,989,174,150.00	7.50	Semi-annually	No	Yes	21-Nov-2018	21-Nov-2018
Total		59,351,710,200.00						

Table 5. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
Grand total		266,950,897,100.00						

Note: the list of local-currency government bonds may not be complete as it reflects ICU knowledge regarding the outstanding stock of the government bonds, which is published by Ministry of Finance of Ukraine as its website (http://minfin.gov.ua/control/publish/article/main?art_id=274776&cat_id=234036).

Sources: Ministry of Finance, Investment Capital Ukraine LLC.

2014 weekly state debt payback

Table 6. Weekly schedule of state bond auctions and volume of state debt* to be repaid within a 7-day period since auction date (UAH)

Month	Auction details	1st Tuesday	2nd Tuesday	3rd Tuesday	4th Tuesday	5th Tuesday
January	Auction date	1-Jan-13	8-Jan-13	15-Jan-13	22-Jan-13	29-Jan-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00
February	Auction date	5-Feb-13	12-Feb-13	19-Feb-13	26-Feb-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
March	Auction date	5-Mar-13	12-Mar-13	19-Mar-13	26-Mar-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
April	Auction date	2-Apr-13	9-Apr-13	16-Apr-13	23-Apr-13	30-Apr-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00
May	Auction date	30-Apr-13	7-May-13	14-May-13	21-May-13	28-May-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00
June	Auction date	4-Jun-13	11-Jun-13	18-Jun-13	25-Jun-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
July	Auction date	2-Jul-13	9-Jul-13	16-Jul-13	23-Jul-13	30-Jul-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00
August	Auction date	6-Aug-13	13-Aug-13	20-Aug-13	27-Aug-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
September	Auction date	3-Sep-13	10-Sep-13	17-Sep-13	24-Sep-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
October	Auction date	1-Oct-13	8-Oct-13	15-Oct-13	22-Oct-13	29-Oct-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00
November	Auction date	5-Nov-13	12-Nov-13	19-Nov-13	26-Nov-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
December	Auction date	3-Dec-13	10-Dec-13	17-Dec-13	24-Dec-13	31-Dec-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00

Notes: highlighted data – above UAH1bn in bold font, above UAH4bn shaded in blue; [*] interest and principal; [1] – government bonds (ordinary bonds, VAT bonds and recapitalisation bonds); [2] – external debt means Eurobonds and loans denominated in local currency by most recent FX rates. Sources: Ministry of Finance of Ukraine, Investment Capital Ukraine LLC.

5yr sovereign local debt payback

Table 7. Local-currency bonds repayments for the upcoming 5-year period

Period	Repayments (UAHm)									Repayments, US dollar equivalent (US\$m)								
	Interest			Principal			Total			Interest			Principal			Total		
	Ordin- aries	VATs	Recaps	Ordin- aries	VATs	Recaps	Inter- est	Prin- cipal		Ordin- aries	VATs	Recaps	Ordin- aries	VATs	Recaps	Inter- est	Prin- cipal	
BY QUARTERS																		
1Q14	591.4		679.6	3,772.0			1,824.0	3,772.0		61.0		70.1	388.9			188.0	388.9	
2Q14	2,972.5		3,137.4	4,050.2		1,598.3	7,742.9	7,646.7		306.4		323.4	417.5		164.8	798.2	788.3	
3Q14	2,073.1	135.6	2,551.4	752.8	1,643.6	1,500.0	6,006.6	9,939.1		213.7	14.0	263.0	77.6	169.4	154.6	619.2	1,024.6	
4Q14	2,950.8		3,371.4	25.8		4,696.5	7,890.4	12,807.3		304.2		347.6	2.7		484.2	813.4	1,320.3	
1Q15	1,905.8	90.4	2,169.8	453.7	1,643.6	2,000.0	5,173.2	11,624.7		196.5	9.3	223.7	46.8	169.4	206.2	533.3	1,198.4	
2Q15	2,821.6		2,833.2	250.8			6,908.1	13,002.5		290.9		292.1	25.9			712.2	1,340.5	
3Q15	2,086.5	45.2	2,560.9	0.8	1,643.6	1,000.0	5,475.3	5,030.1		215.1	4.7	264.0	0.1	169.4	103.1	564.5	518.6	
4Q15	2,847.4		2,961.1	0.8		6,000.0	6,468.7	6,909.8		293.5		305.3	0.1		618.6	666.9	712.3	
1Q16	1,957.2		2,201.9	0.8		2,750.0	4,836.3	9,929.8		201.8		227.0	0.1		283.5	498.6	1,023.7	
2Q16	2,847.4		2,642.4	0.8		9,085.0	6,107.7	9,826.6		293.5		272.4	0.1		936.6	629.7	1,013.0	
3Q16	1,957.1		2,071.3	80.8		7,135.0	4,418.2	12,252.4		201.8		213.5	8.3		735.6	455.5	1,263.1	
4Q16	2,831.2		2,245.7				5,665.1	4,937.2		291.9		231.5				584.0	509.0	
1Q17	1,941.0		1,732.4			1,250.0	3,842.7	4,235.0		200.1		178.6			128.9	396.2	436.6	
2Q17	2,831.2		2,245.7	3,688.5		6,357.9	5,469.6	13,280.1		291.9		231.5	380.3		655.5	563.9	1,369.1	
3Q17	1,941.0		1,673.0	1,810.0		6,550.0	3,660.2	8,360.0		200.1		172.5	186.6		675.3	377.3	861.9	
4Q17	2,567.4		1,895.7	5,212.9		7,658.3	4,735.5	18,144.6		264.7		195.4	537.4		789.5	488.2	1,870.6	
1Q18	1,811.5		1,337.9	4,318.9		6,375.0	3,195.7	10,693.9		186.8		137.9	445.2		657.2	329.5	1,102.5	
2Q18	2,194.8		1,435.9	11,845.3		7,157.9	3,705.3	19,003.3		226.3		148.0	1,221.2		737.9	382.0	1,959.1	
3Q18	1,502.7		1,011.1	5,101.3		10,145.1	2,560.1	15,246.5		154.9		104.2	525.9		1,045.9	263.9	1,571.8	
4Q18	1,350.1		1,066.2	5,108.8		4,655.3	2,490.9	11,753.3		139.2		109.9	526.7		479.9	256.8	1,211.7	
BY YEARS																		
2014	8,587.7	135.6	9,739.9	8,600.8	1,643.6	7,794.8	23,463.8	34,165.1		885.3	14.0	1,004.1	886.7	169.4	803.6	2,419.0	3,522.2	
2015	9,661.3	135.6	10,525.1	706.0	3,287.2	9,000.0	24,025.4	36,567.2		996.0	14.0	1,085.1	72.8	338.9	927.8	2,476.8	3,769.8	
2016	9,592.9		9,161.4	82.4		18,970.0	21,027.3	36,945.9		989.0		944.5	8.5		1,955.7	2,167.8	3,808.9	
2017	9,280.5		7,546.8	10,711.3		21,816.2	17,708.1	44,019.8		956.8		778.0	1,104.3		2,249.1	1,825.6	4,538.1	
2018	6,859.2		4,851.1	26,374.4		28,333.4	11,952.0	56,697.0		707.1		500.1	2,719.0		2,921.0	1,232.2	5,845.0	

Notes: Ordinaries - the government bonds sold via auctions; VATs - VAT bonds; Recaps - recapitalisation bonds.

Sources: Ministry of Finance, Investment Capital Ukraine LLC.

5yr sovereign external debt payback

Table 8. Foreign-currency debt* (Eurobonds and loans) repayments for the upcoming 5-year period

Period	Repayments, hryvnia equivalent (UAHm)						Repayments, US dollar equivalent (US\$m)					
	Interest		Principal		Total		Interest		Principal		Total	
	Eurobond	Loan	Eurobond	Loan	Interest	Principal	Eurobond	Loan	Eurobond	Loan	Interest	Principal
BY QUARTERS												
1Q14	654.2	385.1	0.0	2,013.8	1,039.3	2,013.8	75.3	44.3	0.0	231.8	119.6	231.8
2Q14	3,149.1	1,313.1	8,686.9	8,411.6	4,462.2	17,098.5	362.5	151.2	1,000.0	968.3	513.7	1,968.3
3Q14	2,216.8	900.2	0.0	9,097.1	3,117.0	9,097.1	255.2	103.6	0.0	1,047.2	358.8	1,047.2
4Q14	2,803.8	1,212.0	0.0	9,113.1	4,015.8	9,113.1	322.8	139.5	0.0	1,049.1	462.3	1,049.1
1Q15	2,216.8	722.0	0.0	7,974.6	2,938.8	7,974.6	255.2	83.1	0.0	918.0	338.3	918.0
2Q15	2,803.8	917.1	0.0	11,794.5	3,720.9	11,794.5	322.8	105.6	0.0	1,357.7	428.3	1,357.7
3Q15	2,216.8	465.2	4,343.5	1,916.8	2,682.0	6,260.2	255.2	53.6	500.0	220.7	308.7	720.7
4Q15	2,803.8	523.4	32,221.9	990.7	3,327.3	33,212.5	322.8	60.3	3,709.2	114.0	383.0	3,823.3
1Q16	2,067.5	419.5	0.0	5,729.0	2,487.0	5,729.0	238.0	48.3	0.0	659.5	286.3	659.5
2Q16	1,999.8	519.7	10,858.6	646.7	2,519.5	11,505.4	230.2	59.8	1,250.0	74.5	290.0	1,324.5
3Q16	2,067.5	193.3	0.0	1,961.4	2,260.8	1,961.4	238.0	22.3	0.0	225.8	260.3	225.8
4Q16	1,660.5	493.8	8,686.9	3,894.0	2,154.3	12,580.9	191.2	56.8	1,000.0	448.3	248.0	1,448.3
1Q17	2,067.5	107.5	0.0	2,606.1	2,175.0	2,606.1	238.0	12.4	0.0	300.0	250.4	300.0
2Q17	1,374.7	342.9	0.0	2,823.2	1,717.6	2,823.2	158.3	39.5	0.0	325.0	197.7	325.0
3Q17	2,067.5	0.0	22,585.9	0.0	2,067.5	22,585.9	238.0	0.0	2,600.0	0.0	238.0	2,600.0
4Q17	1,374.7	237.8	6,080.8	4,604.1	1,612.5	10,684.9	158.3	27.4	700.0	530.0	185.6	1,230.0
1Q18	1,022.9	0.0	0.0	0.0	1,022.9	0.0	117.8	0.0	0.0	0.0	117.8	0.0
2Q18	1,169.5	65.1	0.0	0.0	1,234.6	0.0	134.6	7.5	0.0	0.0	142.1	0.0
3Q18	1,022.9	0.0	0.0	0.0	1,022.9	0.0	117.8	0.0	0.0	0.0	117.8	0.0
4Q18	1,169.5	65.1	0.0	1,736.7	1,234.6	1,736.7	134.6	7.5	0.0	199.9	142.1	199.9
BY YEARS												
2014	8,824.0	3,810.4	8,686.9	28,635.6	12,634.4	37,322.5	1,015.8	438.6	1,000.0	3,296.4	1,454.4	4,296.4
2015	10,041.3	2,627.7	36,565.3	22,676.5	12,669.0	59,241.8	1,155.9	302.5	4,209.2	2,610.4	1,458.4	6,819.7
2016	7,795.3	1,626.4	19,545.5	12,231.1	9,421.7	31,776.6	897.4	187.2	2,250.0	1,408.0	1,084.6	3,658.0
2017	6,884.4	688.2	28,666.8	10,033.4	7,572.6	38,700.1	792.5	79.2	3,300.0	1,155.0	871.7	4,455.0
2018	4,384.7	130.2	0.0	1,736.7	4,515.0	1,736.7	504.8	15.0	0.0	199.9	519.7	199.9

Notes: [*] debt redemptions include also interest payments; debt comprises Eurobonds, IMF and VTB loans; IMF loan is meant all tranches received in 2008-10; [1] redemption of US\$2bn loan to VTB is a worst-case scenario within this loan agreement, it may be prolonged 2 times and this in effect may shift the redemption to 4Q11 or 2Q12.

Sources: Ministry of Finance, IMF, Bloomberg, Reuters, Investment Capital Ukraine LLC.

Ukraine issuers' credit metrics

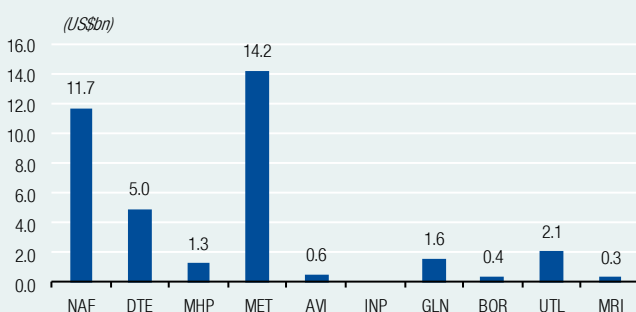
Table 9. Ukrainian corporate bond issuers and their key financial figures and ratios* (US\$m)

Issuer	Ticker	Filing	Revenues	EBITDA	Int exp	Cash	ST debt	LT debt	Debt	Net debt	EBITDA mrg (%)	Debt/ EBITDA (x)	Net debt/ EBITDA (x)	EBITDA int cov (x)
Naftogaz of Ukraine	NAFTO	4Q10	11,673.6	502.2	-613.5	333.2	685.2	4,824.9	5,510.1	5,176.9	4.3	11.0	10.3	Neg.
DTEK	DTEKUA	4Q11	4,965.0	1,294.6	60.9	1,304.1	429.4	1,878.3	2,307.7	1,003.6	26.1	1.8	0.8	21.2
MHP	MHPSA	1Q12	1,279.9	416.4	77.2	111.0	210.5	755.3	965.8	854.8	32.5	2.3	2.1	5.4
Metinvest Holding	METINV	4Q11	14,189.0	3,533.0	220.0	792.0	1,147.0	2,834.0	3,981.0	3,189.0	24.9	1.1	0.9	16.1
Avangard	AVINPU	4Q11	553.3	222.1	12.3	237.8	122.5	210.0	332.6	94.8	40.1	1.5	0.4	18.1
Interpipe	INPIP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Concern Galnaftogaz	GLNGUZ	1Q12	1,647.2	96.8	26.3	13.9	136.9	203.9	340.8	326.9	5.9	3.5	3.4	3.7
Boryspil Int'l Airport	BORYS	1Q12	431.4	277.8	2.3	33.8	108.0	212.5	320.5	286.8	64.4	1.2	1.0	122.0
Ukrtelecom	UTLMUZ	2Q12	2,091.2	470.0	103.5	22.3	177.7	194.3	372.1	349.8	22.5	0.8	0.7	4.5
Mriya Agro Holding	MRIYA	3Q11	344.8	42.6	40.1	192.0	96.0	282.2	378.3	186.3	12.4	8.9	4.4	1.1
Ferrexpo	FXPOLN	4Q11	1,788.0	798.0	43.3	890.2	18.9	951.4	970.4	80.2	44.6	1.2	0.1	18.4
Agroton	AGTPW	2Q11	102.1	10.4	0.3	4.2	19.3	1.0	20.3	16.1	10.2	2.0	1.6	31.0
Agromat	AGROM	2Q11	149.7	28.3	16.0	3.3	23.5	30.1	53.5	50.2	18.9	1.9	1.8	1.8
KSG Agro	KSGPW	3Q11	3.2	1.7	-0.7	5.5	5.6	10.7	16.4	10.9	52.8	9.5	6.4	Neg.
IMC	IMCPW	3Q11	5.6	-2.3	0.2	13.4	4.0	18.1	22.1	8.7	Neg.	Neg.	Neg.	Neg.

Notes: [*] financial figures and appropriate ratios are calculated using LTM data; LTM - last 12-month period; Int exp - interest expenses; ST debt - short-term debt; LT debt - long-term debt; int cov - interest coverage.

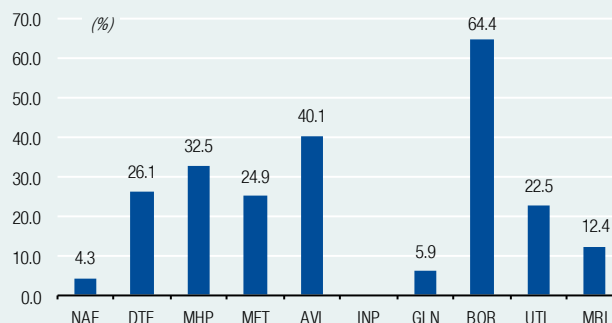
Sources: Company data, Investment Capital Ukraine LLC.

Chart 18. Ukraine's companies by sales (LTM)



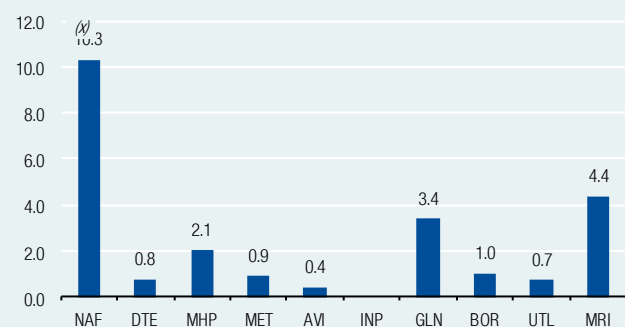
Source: Company data, Investment Capital Ukraine LLC.

Chart 19. Ukraine's companies by EBITDA margin (LTM)



Source: Company data, Investment Capital Ukraine LLC.

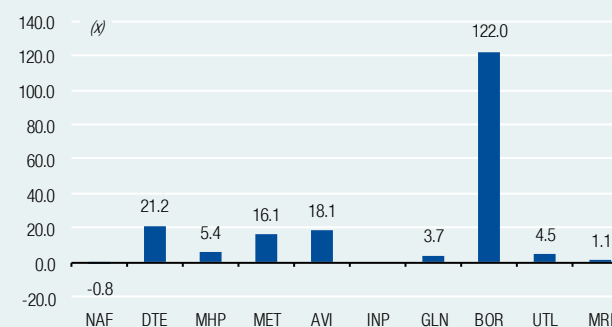
Chart 20. Ukraine's companies by leverage ratio



Note: leverage – net debt to EBITDA (LTM).

Source: Company data, Investment Capital Ukraine LLC.

Chart 21. Ukraine's companies by interest coverage ratio



Note: interest coverage – EBITDA to interest expenses (LTM).

Source: Company data, Investment Capital Ukraine LLC.

Glossary

The following is the list of terms, phrases and abbreviations that are frequently used in this report's weekly publications.

Average duration, or interchangeably, **bond auction average duration**: Duration calculated from all cash flows obtained from the bonds sold at the auction. Yield-to-maturity, price, and each cash flow (coupons and principal) are calculated on a per-bond basis.

Average yield, or interchangeably, **bond auction average yield**: A yield-to-maturity calculated from all cash flows obtained from the bonds sold at the auction and versus the total price paid per bond to acquire them. Price and each cash flow (coupons and principal) are calculated on a per-bond basis.

Basis point, or interchangeably, **bp**: One-hundredth of a percentage point, or 0.01%.

BoP: Balance of payments.

Certificate(s) of Deposit, or interchangeably, **CD(s)**: Short-term money market instruments that allow the NBU, the central bank, to absorb excess liquidity from the local banks. Their durations are 2, 3, or up to 5 days; two weeks; one month; 1.5 months; two months; and up to three months.

CDS: A Credit default swap; a contract that references the performance of a loan or a bond (sovereign, corporate, or municipal). A CDS is normally quoted in basis points, or hundredths of a percent.

CRA: Credit rating agency. These include international industry majors Moody's, Standard & Poor's, and Fitch. It could refer also to other credit rating agencies, including Credit-Rating of Ukraine.

EFSF: European Financial Stability Facility (<http://www.efsf.europa.eu>), created on 9 May, 2010 by the euro area member states, as a Luxembourg-registered company owned by Euro Area Member States (EAMS), which has a mandate to lend to the EAMS in times of difficulty, e.g., in bail-outs. For the purpose of its operations, the EFSF is able to issue bonds EAMS-guaranteed for up to €440bn. Thanks to its structure of credit enhancements, including a cash reserve and a loan-specific cash buffer¹, the EFSF has top credit ratings from major CRAs: 'Aaa' by Moody's, 'AAA' by S&P, and 'AAA' by Fitch.

MoE: Ministry of Economy of Ukraine (<http://www.me.gov.ua>).

MoF: Ministry of Finance of Ukraine (<http://www.minfin.gov.ua>).

NBU: National Bank of Ukraine, the central bank of Ukraine (<http://www.bank.gov.ua>).

Party of Regions, or interchangeably, **PoR**: The *de facto* ruling political party in Ukraine currently. It won the presidency in the February 2010 presidential elections with a slim margin over Yulia Tymoshenko's Bloc, then consolidated power in the parliament, where it has a majority over minor loyal factions, while incapable of forming a majority itself. The next elections for Parliament and the president's office are expected to take place in 2012 and 2015, respectively.

¹ For instance, in order to lend €17.7bn to Ireland, the EFSF has to raise around €26.5bn from the financial market.

Percentage point, or interchangeably, **ppt**: one percent, 1%.

Recaps, or interchangeably, **recapitalisation bonds**: Local-currency bond(s), representing a general financial obligation by the government on par with other government's financial obligations, which was/were issued with the purpose of recapitalising state-owned entities like Naftogaz of Ukraine, commercial banks from Ukreximbank to Oschadbank, and the State Mortgage Institution (SMI).

UAH: Ukrainian national currency, the hryvnia.

UAH TWI, or interchangeably, **hryvnia trade-weighted index**: Index of the local currency calculated by Investment Capital Ukraine (ICU), which is calculated upon nominal exchange rates to the US dollar and headline consumer price inflation indices of Ukraine and its 26 trading partners, which as a whole, comprise a 76% share of merchandise trade turnover. Please refer to *ICU Quarterly Report "Ukraine's See-saw Puzzle"* published on 14 July, 2009 for more details on the methodology of the index. There are nominal and real UAH TWIs, the former based on exchange rates, and the latter based on both exchange rates and inflation. There are monthly and daily UAH TWIs, which are tracked by ICU. Monthly TWI calculation is based on the monthly data for inflation and trade statistics as well as monthly average exchange rates. Daily TWI calculation is based on the monthly data for inflation and trade statistics; however, its core substance is to reflect daily movements of the exchange rates of Ukraine's currency as well as of its key trading partners.

UAS: Ukrainian accounting standards.

VATs, or interchangeably, **VAT bonds**: Local-currency bond(s), representing a general financial obligation by the government on par with other government's financial obligations, which was/were issued in accordance with the government's initiative to offload the government's accumulated arrears on VAT refunds to domestic exporters.

Weighted-average duration, or interchangeably, **bond auction weighted-average duration**: Duration calculated from all cash flows obtained from the bonds sold at the auction. Yield-to-maturity, price, and each cash flow (coupons and principal) are calculated for the total number of bonds sold at the auction.

Weighted-average yield, or interchangeably, **bond auction weighted-average yield**: A yield-to-maturity calculated from all cash flows obtained from the bonds sold at the auction and against the total price paid to acquire them. Price and each cash flow (coupons and principal) are calculated for the total number of bonds sold at the auction.

YTM, or interchangeably, **yield-to-maturity**: The interest rate that creates the present value of cash flows obtained from holding a bond equal to the price of the bond. The YTM factors in coupon income and any capital gain (loss) the investor will realise by holding the bond to maturity. It also takes into consideration the timing of coupon payments and principal repayment, which can be done at the maturity date (for a bullet bond) or in accordance with an amortisation schedule (amortisation bond). The YTM uses an interest-on-interest principle, assuming that coupon income can be reinvested at an interest rate equal to the YTM, and is calculated in accordance with the Ukraine's domestic bond market standard, which is represented by the following formula:

$$Price + AI = \sum_{i=1}^n \frac{CF_i}{(1+YTM)^{\frac{t_i}{365}}},$$

where *Price* and *AI* are clean price and accrued interest of the bond, respectively, as of the date of purchase; *n* is the number of cash flows to be obtained by a bond holder; *CF_i* is the

cash flow (coupon income, principal repayment) obtained from a bond; t_i is the number of days between a purchase date and i -th cash flow date, and YTM is yield-to-maturity.

YTW, or interchangeably, **yield-to-worst**: The same as yield-to-maturity (YTM); however, it is calculated assuming the worst-case scenario under the terms of a bond issue, e.g., the cash flow is trimmed to the earliest possible bond redemption such as due to a call or a put option, embedded into the bond.

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